

Message Text

PAGE 01 COPENH 00496 100856 Z

14

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

GAC-01 EB-11 TRSE-00 COME-00 OMB-01 T-03 RSR-01 /107 W
----- 019197

R 091715 Z MAR 73

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 6668

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO UNN

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE COPENHAGEN 0496

E. O. 11652: N/A

TAGS: PINT DA

SUBJECT: DANISH GOVERNMENT SHIFTS COURSE TO THE RIGHT

REF: COPENHAGEN 279

1. SUMMARY. SOCIAL DEMOCRATIC MINORITY GOVERNMENT
LATE MARCH 8 UNWRAPPED A MAJOR 31- POINT AUSTERITY PROGRAM
INTENDED TO REDUCE GOVT EXPENDITURES BY 3.6 BILLION KRONER
(600 MILLION DOLLARS) OVER TWO- YEAR PERIOD.
DEFENSE BUDGET NOT AFFECTED. PROGRAM, WHICH WAS ONLY ACCEPTED
BY SOCIAL DEMOCRATIC PARLIAMENTARY GROUP AFTER TWO DAYS OF INT-
ERNAL PULLING AND HAULING, REPRESENTS A MARKED SHIFT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COPENH 00496 100856 Z

FROM THE RADICAL LEFT- WING SOCIALIST LINE IDENTIFIED WITH PRIMIN
ANKER JORGENSEN TO MORE MODERATE, PRAGMATIC LINE

ASSOCIATED WITH BUDGET AND ECONOMY MINISTER PER HAEKKERUP.
SUDDEN SHIFT IN POLICY IS DUE IN PART OT UNEXPECTEDLY
LARGE BALANCE OF TRADE DEFICIT IN JANUARY, IN PART TO
PRESSURE FROM CURRENTLY DEADLOCKED NATIONAL WAGE
NEGOTIATIONS, BUT MOST IMPORTANTLY, IT APPEARS, TO
PUBLICATION MARCH 4 OF LATEST GALLUP POLL, WHICH SHOWED
CONTINUED DECLINE IN SOCIAL DEMOCRATS' POPULAR SUPPORT.
OPPOSITION VKR ALSO SHOCKED BY POLL RESULTS SHOWING
GROWING SUPPORT FOR MAVERICK LEADER OF ANTI- TAX MOVEMENT.
END SUMMARY.

2. 31- POINT SAVINGS PROGRAM WOULD POSTPONE FOR AT LEAST ONE
YEAR ALL MAJOR GOVERNMENT INITIATIVES STILL PENDING:
SCHOOL REFORM, CONSOLIDATION OF SOCIAL WELFARE ADMINISTRATION,
ECONOMIC DEMOCRACY, AND THE SALTHOLM AIRPORT AND GREAT
BELT BRIDGE PROJECTS. MOREOVER, PROGRAM CALLS FOR
COST- CUTTING IN SEVERAL TRADITIONAL SOCIAL DEMOCRATIC
WELFARE PROGRAMS (MATERNITY BENEFITS, CHILDRENS' ALLOWANCES,
AND NATIONAL OLD AGE PENSIONS) THROUGH INTRODUCTION OF
MEANS TEST. PROGRAM ALSO PROVIDES, IN AS YET VAGUE TERMS,
SUBSTANTIAL REDUCTIONS OF RENT SUBSIDIES AND HOME
OWNERSHIP TAX ADVANTAGES. FINALLY, GOVERNMENT PROGRAM
INCLUDES SEVERAL INCOME RAISING MEASURES (INCREASED
TAX ON PERSONAL FORTUNES INCREASED TAX RATE ON CORPORATE INCOME,
AND NEW 30 PERCENT COUPON TAX ON BOND YIELDS). ACCORDING
TO GOVERNMENT ESTIMATES, PROGRAM WILL RESULT IN SAVINGS
OF 600 MILLION KRONER IN 1973-74 FISCAL YEAR AND
APPROXIMATELY THREE THOUSAND MILLION KRONER IN FY 1974-75.

3. DRAMATIC SAVINGS PROPOSAL IS PRIMARILY REACTION TO
PUBLICATION MARCH 4 OF GALLUP POLL RESULTS INDICATING
THAT SOCIAL DEMOCRATS AND CONSERVATIVES HAD SUFFERED
SIGNIFICANT LOSSER IN FAVOR OF RECENTLY LAUNCHED ANTI- TAX
PARTY LED BY DANISH POUJADIST, MOGENS GLISTRUP.
SURPRISING 5.8 PERCENT SUPPORT FOR BLISTRUP' S PROGRESSIVE PARTY
WAS SHOCK TO ALL ESTABLISHED PARTIES WHO ARE NOW TAKING
SERIOUSLY HIM SIMPLISTIC BUT EFFECTIVE CHARGE THAT DANES
HAVE HAD MORE THAN ENOUGH TAXES. RESULTS OF GALLUP POLL,
TAKEN DURING MID- FEBRUARY, ARE AS FOLLOWS, WITH COMPARISON
FIGURES FROM SEPTEMBER 1971 ELECTIONS IN PARENTHESES:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 COPENH 00496 100856 Z

SOCIAL DEMOCRATS - 32.3 (37.3), RADICAL LIBERALS - 15 .3
(14.4), MODERATE LIBERALS - 15.4 (15.6), CONSERVATIVES -
14.7 (16.7), SOCIALIST PEOPLES PARTY - 11.2 (9.1),
PROGRESSIVE PARTY - 5.8, OTHERS - 5.4.

4. CONSERVATIVE PARTY WAS FIRST TO RESPOND, WITH SAVINGS
PROGRAM CALLING FOR BUDGET REDUCATIONS OF SEVEN BILLION
KRONER OVER THE NEXT TWO FISCAL YEARS. IN SO

DOING, IT REPORTEDLY OPENED SERIOUS RIFT IN VKR OPPOSITION BLOC BY APPROPRIATING SEVERAL SAVINGS PROPOSALS FROM ITS OPPOSITION ALLIES, THE RADICALS AND MODERATE LIBERALS. ON GOVERNMENT SIDE, SOCIAL DEMOCRATIC PROGRAM WAS COORDINATED IN ADVANCE WITH ITS LEFT- WING PARLIAMENTARY SUPPORT PARTY, SOCIALIST PEOPLES PARTY, BUT LATTER HAS MADE CLEAR THAT ITS PRICE FOR SUPPORT OF PROGRAM WILL BE HIGH. GOVERNMENT PROPOSAL, HOWEVER, GIVES AND TAKES SOMETHING FROM EACH PARTY, AND CHANCES ARE GOOD, IN VIEW OF COMMON ANTIPATHY TO COEXISTENCE WITH GLISTRUP' S PROGRESSIVE PARTY, THAT AN EVENTUAL COMPROMISE BILL WILL BE PASSED IN TANDEM WITH APPROPRIATIONS BILL DURING NEXT FEW WEEKS. DEFENSE BUDGET NOT INCLUDED IN SAVINGS PLAN BECAUSE MILITARY SPENDING ALREADY SUBJECT TO FOUR PARTY AGREEMENT REPORTED COPENHAGEN 279.

5. THE GOVERNMENT' S UNVEILING AT THIS POINT OF ITS SAVINGS PLAN IS RELATED ALSO TO CURRENTLY STALLED NATIONAL WAGE NEGOTIATIONS. GOVERNMENT' S SAVINGS PROPOSAL, INTENDED AS ASSURANCE THAT LABOR COSTS WILL NOT INCREASE DUE TO GOVERNMENT ACTION DURING FORTHCOMING TWO- YEAR CONTRACT PERIOD, IS EXPECTED TO FACILITATE A NEGOTIATED COMPROMISE. POSTPONEMENT OF ECONOMIC DEMOCRACY PROPOSAL, WHICH WAS ANATHEMA TO EMPLOYERS, IS ALSO A MAJOR CONCESSION TO EMPLOYER DEMANDS.

6. COMMENT. GOVERNMENT' S DRASTIC SAVINGS PROPOSAL REPRESENTS A SIGNIFICANT CHANGE OF COURSE FOR THE GOVERNMENT AND THE SOCIAL DEMOCRATIC PARTY. FOLLOWING OCTOBER 2 REFERENDUM FOR EC- ACCESSION, THE PARTY UNDER PRIMIN ANKER JORGENSEN ADOPTED A RADICAL IMAGE, BUILT PRIMARILY UPON ITS PROPOSAL FOR ECONOMIC DEMOCRACY, IN ORDER TO RE- ATTRACT THE PARTY' S LEFT- WING FACTION, WHICH HAD COME DANGEROUSLY CLOSE TO FUSION WITH THE SF PARTY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 COPENH 00496 100856 Z

DURING THEIR COMMON CRUSADE AGAINST THE EC. THE DECLINE IN THE PARTY' S POPULAR SUPPORT REVEALED BY THE GALLUP POLL-- TO THE LOWEST POINT SINCE 1920-- CONVINCED THE PARTY LEADERSHIP THAT RADICAL IMAGE WAS ALIENATING ITS MODERATE, CENTRIST SUPPORTERS. CONSEQUENTLY, THE NEW AUSTERITY PROGRAM, WHICH WAS PUSHED THROUGH THE PARLIAMENTARY GROUP BY THE PARTY' S MODERATE, RIGHT- WING FACTION LED BY BUDGET AND FINANCE MINISTER PER HAEKKERUP, IS INTENDED TO SIGNAL A RECESS IN THE PARTY' S SOCIALIZATION EFFORTS AND A RETURN TO PRAGMATISM AND POLITICAL RALISM. SHIFT OF PARTY POLICY IS CLEARLY EVIDENT IN ENHANCED STATURE AND INFLUENCE OF PER HAEKKERUP, WHO IS NOW CHARACTERIZED IN THE PRESS AS GOVERNMENT' S " SUPER- MINISTER" AND AS " PRIME MINISTER IN FACT" .

DUNNIGAN

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 07 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973COPENH00496
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730348/abqceesn.tel
Line Count: 166
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: COPENHAGEN 279
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Jul-2001 by izenbei0>; APPROVED <21-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971112
Subject: DANISH GOVERNMENT SHIFTS COURSE TO THE RIGHT
TAGS: PINT, DA
To: STATE INFO BONN
BRUSSELS
THE HAGUE
HELSINKI
LONDON
LUXEMBOURG
OSLO

PARIS
REYKJAVIK
ROME
STOCKHOLM
NATO UNN
EC BRUSSELS

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005